

House OKs \$14 billion auto rescue deal (The News Journal)

Senate GOP opposes loans for GM, Chrysler

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WASHINGTON -- The House passed a \$14 billion rescue for General Motors Corp. and Chrysler on Wednesday as Democrats vowed to move ahead with the emergency loans despite warnings from Senate Republicans that it lacked the support needed to win final approval.

The measure passed the House on a 237-170 vote, with Rep. Mike Castle of Delaware among 32 Republicans voting in favor.

Castle expressed dismay over the automakers' business plans and said he has pressed for greater innovation and better fuel efficiency for more than a decade. He said he supported the bill with the hope that it will help save jobs, noting that nearly 2,000 auto-related jobs have been lost already in Delaware.

"I do not believe that government holds the key to rebuild a business or an industry, and I abhor the practice of turning to taxpayer dollars in order to lessen the hardships of our economy," he said in a statement. "However, people are struggling. It would be irresponsible to look away from the individual workers or families that have done nothing wrong and would face job loss ... insurance challenges and, frankly, more foreclosures."

Congressional Democrats, in an effort to secure a bill President George W. Bush would sign, met with White House officials to draft the current measure.

"The combination of a domestic recession and a global financial credit crisis is crippling our manufacturing base," said Rep. Sander Levin, D-Mich. "We must act to preserve the millions of jobs at stake, to maintain the U.S. advantage in advanced technologies and to protect the synergies between the auto industry and national security."

Sen. Tom Carper, D-Del., supports the measure. Vice President-elect Joe Biden has vowed to come back and vote if necessary, according to Senate Majority Leader Harry Reid and a transition aide. Biden will be in Washington today, meeting in the morning with retired Marine Corps. Gen. Jim Jones and Sen. Hillary Rodham Clinton, the nominees for

national security adviser and secretary of state.

The compromise strengthens the power of the federal overseer, or car czar, who would make loans to GM and Chrysler. If those companies don't make cuts and reach deals with creditors and the union by March 31, the overseer must call back any loans and essentially force the companies into bankruptcy.

Despite the president's support, Senate Republicans vowed to stop the bill. Several said it would be better if the automakers declared bankruptcy.

Sen. David Vitter, R-La., said on the Senate floor that the rescue plan was "ass backwards" for handing the money to the automakers before requiring more detailed plans of how they would save themselves. GM and Chrysler have said they need \$8 billion before the end of the month to stave off insolvency.

Vitter said he would use every procedural tool at his command to delay and block any bill.

Senate Majority Leader Harry Reid said that if Republicans used such roadblocks, the Senate would likely have to meet through the weekend to pass any bill.

Sen. Bob Corker, R-Tenn., said he believed the bill has "less than a handful of votes" among Republicans.

"This bill is an incredibly weak bill, it's the product of an administration that wants to kick the can down the road, and I think it has minimal, very little support in our caucus," he said.

Sen. Richard Shelby, R-Ala, called the bill "a travesty."

"This is an installment on a huge bailout that would come later," he said.

Shelby and other Republicans said they favor an alternative from Corker, who has said automakers and the UAW need to commit to steep cuts in return for aid.

While the bill would give GM and Chrysler the \$14 billion the automakers say they need to survive through March 31, it also sets the terms for Ford Motor Co., which has said it will not take a loan but will ask for a \$9 billion credit line. GM and

Chrysler would have to grant the government stock or warrants that could give it a majority stake in either company, and also restrict executive pay and end corporate jet travel.

Automakers last week had asked Congress for at least \$34 billion in loans. One congressional witness, Mark Zandi, chief economist and co-founder of Moody's Economy.com, predicted the cost of ensuring that automakers don't go into bankruptcy in the next couple of years would be much higher, falling between \$75 billion to \$125 billion.

On his train ride to Washington, Carper said, fellow Amtrak riders told him they didn't like the idea of Congress giving money to automakers any more than they liked giving it to financial institutions in October.

Carper said during a Tuesday speech on the Senate floor that lawmakers aren't interested in unconditionally offering the money and saying "we hope you get better and can repay the money down the line."

"We want to improve the likelihood that we'll get back every dime that is lent and more, and we want to make sure the companies, particularly Chrysler, Ford and GM, make the additional changes they need to increase the likelihood they will be viable for a long period of time," he said.

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